

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2166

In the Matter of  
  
PORTLAND GENERAL ELECTRIC,  
  
2021 All-Source Request for Proposals.

COMMENTS OF  
RENEWABLE NORTHWEST

**November 1, 2021**

**I. Introduction**

Renewable Northwest thanks the Oregon Public Utility Commission (“Commission”) for this opportunity to comment on Portland General Electric’s (“PGE”) Draft 2021 All-Source Request for Proposals (“RFP”).

In these comments, we first build on earlier comments discussing the intersection between this RFP and PGE’s obligation to reduce its greenhouse gas (“GHG”) emissions significantly by 2030. We then support PGE’s decision to use a co-optimized procurement approach for its renewable energy, capacity, and green tariff needs. Our last section walks through a number of specific comments about the RFP, recommending several discrete changes that could improve the competitiveness of the solicitation and ensure selection of a least-cost, least-risk portfolio of resources. Overall, these recommendations mostly go to areas where PGE could add flexibility to the process in order to ensure that unnecessarily rigid terms do not preclude strong projects from competing and helping PGE to identify the most cost-effective portfolio to help it meet its needs and reduce its emissions.

All in all we continue to support PGE’s RFP and appreciate the company’s and the Commission’s work to date to ensure that this RFP serves as the first step in meeting HB 2021’s mandate that PGE reduce system emissions 80% by 2030 and eliminate emissions entirely by 2040.<sup>1</sup>

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<sup>1</sup> HB 2021 (2021), section 3.

## II. Comments

### A. PGE's RFP is the first step toward achieving HB 2021's required 80% GHG emissions reduction by 2030.

Renewable Northwest appreciates PGE's centering of HB 2021 and its work to incorporate the law's mandatory 80%-by-2030 GHG emissions-reduction target into this RFP. In the very first sentence of PGE's RFP, the company calls this solicitation "an important step in decarbonizing Oregon's grid." The last two sentences of the first paragraph tie the RFP to HB 2021's 2030 target, and the next section -- Procurement Targets -- confirms that "PGE will consider procuring more renewable resources to ensure necessary progress in meeting HB 2021 requirements. HB 2021 represents a paradigm shift in Oregon's regulatory structure, an urgent response to our urgent need to mitigate climate change as it has already begun devastating Oregon communities, and we commend PGE for putting it front and center in this RFP.

Bearing in mind the conditions established by Order 21-320, however, Renewable Northwest requests that PGE and the Commission confirm that the company's "explor[ation of] procuring approximately 65 MWh of additional renewable resources beyond the 150 MWh target" not result in a *limit* on any additional procurement via this RFP.<sup>2</sup> Competitive bids and additional analysis may well indicate that more than 215 MWh will help PGE to achieve HB 2021's mandatory targets at reasonable costs to its customers. To that end, we look forward to engaging with any work between Staff and PGE "to determine what additional analysis may be available or could be provided over the course of the existing RFP timeline to further inform understanding of PGE's plan for HB 2021 compliance and how the current RFP might be leveraged to that end."<sup>3</sup> We also reiterate in these comments our recommendation that the Commission bear in mind as it reviews this RFP the mandate established for it by HB 2021: "The commission shall ensure that an electric company demonstrates continual progress ... and is taking actions as soon as practicable that facilitate rapid reduction of greenhouse gas emissions at reasonable costs to retail electricity consumers."<sup>4</sup>

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<sup>2</sup> RFP at 4.

<sup>3</sup> Order No. 21-320 at Appx. A, p. 29 (Oct. 6, 2021).

<sup>4</sup> *Id.*, section 4(6). While this section does include a specific reference to "continual progress as described in subsection (4)(e)," and that subsection refers to "continual progress *within the planning period*," the term "planning period" is undefined and PGE is currently working on development of its next IRP which will likely include the Clean Energy Plan required by HB 2021, section 4(3)(a) -- all of which is to say that timing technicalities do not undermine the clear direction to the Commission to ensure continual progress.

*B. Renewable Northwest supports PGE's proposed co-optimized procurement.*

Renewable Northwest appreciates that, following significant discussion of the matter in Docket No. LC 73 regarding PGE's 2019 Integrated Resource Plan ("IRP"), PGE has committed to a single co-optimized procurement to meet its renewable energy and non-emitting capacity needs. Adding in the 100 MW of PGE's Green Energy Affinity Rider program allocated to the PGE ownership option is a positive additional step that will help the company meet the demand for that program with a least-cost, least-risk resource. While we recognize that the company has significant additional work to do to in future IRP cycles to generate optimized portfolios that respond to HB 2021's mandatory targets, we appreciate the modeling that PGE will bring to bear to determine optimized portfolios in this RFP and are confident the company's analytical tools will help it to identify appropriate resources to meet its capacity needs.

*C. Renewable Northwest Feedback and Recommendations on Specific RFP Terms.*

The sections above represent broad reactions to PGE's proposed RFP; this section includes several subsections that highlight specific terms that Renewable Northwest either recommends the company modify to ensure a competitive solicitation resulting in selection of least-cost, least-risk resources to meet its needs or, in some cases, that we specifically support.

1. PGE's indication that it will not accept price increases in best and final offers may have unintended impacts on competition.

As part of PGE's "Guidelines for Submitting Proposals," the company indicates that it will allow bidders on the initial short list to refresh bids prior to determination of the final short list -- but only if "the offer's total price is reduced relative to the initial offer."<sup>5</sup> While this scenario may seem reasonable on the surface, in reality it may skew PGE's analysis of competing bids or result in the withdrawal of projects that could in fact be least-cost and least-risk. On the first point, knowing that they cannot increase their bid price prior to determination of the initial short list, bidders may overprice their initial bids to account for risks and contingencies that those bidders would be able to eliminate by the time of the bid refresh. Since the initial short list is determined in significant part by bids' price scores, competitive bids could be eliminated at this stage due to conservative assumptions. On the second point, bidders may appropriately price an initial bid only for some new risk or contingency to arrive between the initial bid and the bid refresh. The best-performing initial bid may have to include a moderate price increase at the time of the bid refresh in order to remain viable. PGE's proposed term, however, would forbid that and could instead result in withdrawal of an otherwise competitive or even winning bid. For these reasons,

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<sup>5</sup> RFP at 9.

Renewable Northwest requests that PGE remove, or the Commission direct PGE to remove, the proposed RFP term that “[b]est and final price updates will only be accepted if the offer’s total price is reduced relative to the initial offer.”

The risks and contingencies alluded to above are particularly challenging now, given supply chain disruptions and ongoing uncertainty regarding both labor and material supply. To the same end, uncertainty in the supply chain and labor market also counsel in favor of a longer turnaround than seven days from determination of the initial short list to submission of best and final offers. We recognize that PGE has asterisked that date, indicating it is subject to change. But we recommend that PGE assume up front that a longer period -- perhaps two weeks -- will be more appropriate under the circumstances. This longer time may be necessary to get refreshed figures from vendors who are also affected by the same uncertainties, and for short-listed bidders to run financial models. Altogether, flexibility on both price and timing will be important in order to ensure that the best possible resources end up on the final short list.

2. Additional timing flexibility would facilitate selection of least-cost, least-risk resources.

In the previous section, we identified the seven-day turnaround from initial short list to best and final offer as an element of the schedule that could constrain PGE’s ability to select a least-cost, least-risk portfolio of resources from this RFP. We recommend that PGE apply additional timing flexibility to two other elements of the RFP as well: the June 2022 contract execution date<sup>6</sup> and the end-2024 online date.<sup>7</sup>

As to the contract execution date, as with the turnaround from initial short list to best and final offer, PGE has asterisked the date, indicating that it is subject to change. Renewable Northwest recommends that PGE maintain that flexibility to ensure adequate time for contract negotiations with bidders selected to the final short list.

As to the end-2024 commercial operation date, we recognize that PGE has assessed its needs as of that date. However, as the company explores the additional resources that could help it achieve HB 2021’s mandatory 2030 GHG target, assessing resources with later online dates could prove to be the best path to a least-cost, least-risk portfolio. Accordingly, Renewable Northwest recommends that PGE consider either allowing bids with 2025 commercial operation dates as well or, depending on the results of its additional HB 2021 compliance analysis, consider running an additional RFP in 2022 or 2023.

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<sup>6</sup> RFP at 8.

<sup>7</sup> RFP at 11.

3. Renewable Northwest appreciates the RFP’s flexibility regarding permit requirements.

In our earlier comments in this docket regarding PGE’s proposed scoring methodology, we recommended that PGE eliminate certain permit requirements as unnecessary for some projects on PGE’s required timeline.<sup>8</sup> PGE has now included in the Draft RFP the following language: “In the event a specific permit is not required at all or during the RFP process for the resources that are bid into this RFP, the Bidder may provide a narrative explanation on the bid form regarding why it is not applicable.”<sup>9</sup> We appreciate the additional flexibility afforded by this RFP term.

4. Relaxing the Requirement that Bidders Relying on BPA Have a TSR in BPA’s Current Cluster Study Will Ensure More Robust Competition.

The RFP indicates that “Bidders relying on BPA for transmission service are required to have either previously been granted eligible transmission service or have an eligible and active OASIS status Transmission Service Request (TSR) participating in the BPA TSR Study and Expansion Process (TSEP).”<sup>10</sup> Renewable Northwest recommends relaxing this provision, as we understand there are multiple feasible pathways to achieving eligible transmission service by end-of-year 2024 that would not be captured by PGE’s proposed requirement. In particular, projects in the current TSEP with non-PGE points of delivery do not meet the strict language PGE has proposed but could likely redirect any resulting transmission service to PGE’s required points of delivery on PGE’s required timeline. Maintaining PGE’s requirement as written would likely disqualify quality projects that could reasonably be expected to fit PGE’s needs -- including its required online date -- on a least-cost, least-risk basis.

Additionally, we recommend PGE clarify that the transmission requirement set forth above does not apply to long lead-time resources with online dates in 2027. A project likely does not need to have eligible transmission service or be in the current TSEP in order to achieve a 2027 online date.

5. PGE’s Colstrip Transmission Rights Could Help Deliver High-Value Montana Wind to Oregon.

PGE’s Appendix P, Benchmark Submission, addresses the use of utility-controlled transmission rights. Generally, PGE indicates that “PGE’s Benchmark resources or affiliates will not rely on

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<sup>8</sup> Reply Comments of Renewable Northwest at 4-5 (Sept. 13, 2021).

<sup>9</sup> RFP at 15; *see also* Appx. N.

<sup>10</sup> RFP at 16.

utility-controlled transmission rights to meet the 2021 All-Source RFP bid requirements.”<sup>11</sup> As to rights on the Colstrip Transmission System, however, the picture is a little more complicated. Colstrip’s future is the subject of ongoing litigation in multiple jurisdictions, but retirement by 2025 is a possible outcome. Accordingly, “PGE reserves its discretion to consider whether Colstrip associated transmission rights could become available across PGE’s planning horizon for the benefit of PGE’s customers.”<sup>12</sup> If these rights do become available, PGE reports that “[s]hould PGE make Colstrip associated transmission rights available to improve the long-term economics of a benchmark or other bid, those rights would also be made available for all bidders subject to the same constraints and limitations.”<sup>13</sup>

Renewable Northwest appreciates PGE’s commitment to making its Colstrip Transmission rights available in this RFP under certain circumstances. These rights have significant potential to help deliver high-value Montana wind to Oregon to the benefit of PGE’s customers. However, we do recommend that PGE remove the contingencies in the last sentence, with the result that if Colstrip Transmission rights become available to PGE, PGE would make those rights available to all bidders.

6. Renewable Northwest Recommends Aligning the Labor Requirements with HB 2021.

Renewable Northwest appreciates the RFP’s labor requirements, but we recommend the requirements be adjusted to conform to or directly reference the statewide “Responsible Contractor Labor Standards” established by HB 2021 (or any successor standards), which are already arguably the strictest in the nation. Developing projects that meet HB 2021’s not-always-clear standards<sup>14</sup> is already a challenge, and trying to align those standards with PGEs’ proposed requirements adds an extra layer of difficulty and uncertainty.<sup>15</sup> This is particularly true right now, as developers and labor organizations are working to develop a strong enough pipeline of qualifying workers to meet the significant demand for labor given multiple concurrent RFPs throughout the region. As of now the availability of qualifying workers is in question.

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<sup>11</sup> RFP at Appx. P, p.3.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> Renewable Northwest is currently working with other stakeholders, including labor representatives, to explore whether legislation in 2022 could improve these standards.

<sup>15</sup> As an example, what are “major construction activities related to the resource”?

7. Additional Detail on PGE's 2027 Capacity Need Could Help Maximize Benefits for PGE's Customers.

Since PGE is allowing bids for long lead-time projects with 2027 online dates and is considering resources that could help accelerate the company's decarbonization efforts in line with HB 2021, additional detail on PGE's 2027 capacity need could help bidders identify projects that provide the most value to the company and its customers. Specifically, PGE's Appendix Q offers detail beyond a simple MW figure as to its 2025 capacity need, including high-, reference, and low-need cases and a table showing sensitivities that could affect the 2025 need. Adding these details to the company's 2027 need could help inform least-cost, least-risk bids for long lead-time resources.

**III. Conclusion**

Renewable Northwest thanks the Commission for this opportunity to comment on PGE's 2021 RFP. We appreciate the company's and the Commission's consideration of our observations and recommendations above, and we look forward to continued engagement in this docket.

Respectfully submitted this 1st day of November, 2021,

/s/ Max Greene

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